

**Springhill City Court
Springhill, Louisiana
A Component Unit of the City of Springhill, Louisiana
Annual Financial Statements
As of June 30, 2013**

Springhill City Court
Springhill, Louisiana

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Independent Auditors' Report

John B. Slattery
Springhill City Court Judge
Springhill City Court

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springhill City Court, a component unit of the City of Springhill, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Springhill City Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Springhill City Court as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

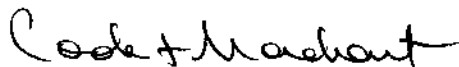
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information listed as Required Supplementary Information and shown on pages 18-21, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2014, on our consideration of Springhill City Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Springhill City Court's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
January 10, 2014

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Net Position
Governmental Activities
June 30, 2013

ASSETS

Cash and cash equivalents	\$ 45,347
Investments	8,500
Receivables	130
Prepaid expenses	271
Net investment in capital assets	<u>2,246</u>
Total assets	<u>56,494</u>

LIABILITIES

Accounts payable	470
Accrued expenses	<u>1,798</u>
Total liabilities	<u>2,268</u>

NET POSITION

Net investment in capital assets	2,246
Restricted for:	
Witness fees	26,365
Probation	23,558
Juvenile probation	568
Unrestricted	<u>1,489</u>
Total net position	<u>\$ 54,226</u>

The notes to the financial statements are an integral part of this statement.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Activities
For the Year Ended June 30, 2013

	Functions / Programs				
	Total	Judicial	Witness	Probation	Juvenile Probation
<u>GOVERNMENTAL ACTIVITIES</u>					
Expenses:					
Salaries	\$ 222,363	\$ 222,363	\$	\$	\$
Employee benefits	20,088	20,088			
Office expense	12,740	12,718		17	5
Travel and other charges	20,826	20,826			
Professional fees	13,226	13,226			
Other	1,978			1,181	797
Witness fees	3,800		3,800		
Depreciation expense	649	649			
Total expenses	<u>295,670</u>	<u>289,870</u>	<u>3,800</u>	<u>1,198</u>	<u>802</u>
Program revenues:					
Charges for services - fines and fees	168,439	108,508	6,770	47,001	6,160
Operating grants and contributions	124,483	124,483			
Net program revenue (expenses)	<u>(2,748)</u>	<u>(56,879)</u>	<u>2,970</u>	<u>45,803</u>	<u>5,358</u>
General revenues:					
Interest income	58				
Miscellaneous	<u>5,000</u>				
Total general revenues	<u>5,058</u>				
Change in net position	2,310				
Net position - beginning	<u>51,916</u>				
Net position - ending	<u>\$ 54,226</u>				

The notes to the financial statements are an integral part of this statement.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Balance Sheet
Governmental Funds
June 30, 2013

	Major Funds			Non - Major Fund	Total Governmental Funds
	General Fund	Witness Fund	Probation Fund	Juvenile Probation Fund	
Assets					
Cash and cash equivalents	\$ 3,883	\$ 17,488	\$ 23,441	\$ 535	\$ 45,347
Investments		8,500			8,500
Receivables	130				130
Due from other funds		377	117	33	527
Total assets	\$ 4,013	\$ 26,365	\$ 23,558	\$ 568	\$ 54,504
Liabilities					
Accounts payable	\$ 470	\$	\$	\$	\$ 470
Accrued expenses	1,798				1,798
Due to other funds	527				527
Total liabilities	2,795				2,795
Fund Balance					
Restricted		26,365	23,558	568	50,491
Unassigned	1,218				1,218
Total fund balances	1,218	26,365	23,558	568	\$ 51,709
Total liabilities and fund balances	\$ 4,013	\$ 26,365	\$ 23,558	\$ 568	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

2,246

The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.

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Net Position of Governmental Activities

\$ 54,226

The notes to the financial statements are an integral part of this statement.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	Major Funds			Non - Major Fund	
	General Fund	Witness Fund	Probation Fund	Juvenile Probation Fund	Total Governmental Funds
Revenues:					
Fines	\$ 51,742	\$ 6,770	\$ 47,001	\$ 6,160	\$ 111,673
Court costs	55,966				55,966
Other fees	800				800
Intergovernmental					
On-behalf payments	124,483				124,483
Other	5,000				5,000
Interest income	35	23			58
Total revenues	<u>238,026</u>	<u>6,793</u>	<u>47,001</u>	<u>6,160</u>	<u>297,980</u>
Expenditures:					
Current:					
General government					
Salaries	97,880				97,880
Employee benefits	20,088				20,088
On-behalf payments	124,483				124,483
Office expense	12,728		17	5	12,750
Travel and other charges	20,826				20,826
Professional fees	13,226				13,226
Witness fees		3,800			3,800
Other			1,181	797	1,978
Capital outlay	1,771				1,771
Total expenditures	<u>291,002</u>	<u>3,800</u>	<u>1,198</u>	<u>802</u>	<u>296,802</u>
Excess (deficiency) of revenues over expenditures	<u>(52,976)</u>	<u>2,993</u>	<u>45,803</u>	<u>5,358</u>	<u>1,178</u>
Other financing sources (uses):					
Transfers in	56,483				56,483
Transfers out			(49,883)	(6,600)	(56,483)
Total other financing sources (uses)	<u>56,483</u>		<u>(49,883)</u>	<u>(6,600)</u>	
Net change in fund balances	3,507	2,993	(4,080)	(1,242)	1,178
Fund balances (deficit) at beginning of year	<u>(2,289)</u>	<u>23,372</u>	<u>27,638</u>	<u>1,810</u>	
Fund balances at end of year	<u>\$ 1,218</u>	<u>\$ 26,365</u>	<u>\$ 23,558</u>	<u>\$ 568</u>	

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$1,771) exceeds depreciation expense of (\$649).

1,122

The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.

10

Change in net position of governmental activities

\$ 2,310

The notes to the financial statements are an integral part of this statement.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

Assets

Cash and cash equivalents	<u>\$ 47,441</u>
Total assets	<u><u>\$ 47,441</u></u>

Liabilities

Unsettled deposits	<u>\$ 47,441</u>
Total liabilities	<u><u>\$ 47,441</u></u>

The notes to the financial statements are an integral part of this statement.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2013

INTRODUCTION

The Springhill City Court (the Court) was created under the authority of Louisiana Revised Statute 13:1872. Its jurisdiction extends throughout all of Ward Two of Webster Parish. Court expenses such as payroll and related costs, maintenance, utilities, etc., are paid through the General Fund of the City of Springhill (the City). There are certain funds collected by the Court, pursuant to state statute, which are under the control of the Court and are reported in the accompanying financial statements. The Court pays supplemental salaries to its employees from these funds. These financial statements account for all activities of the Court not funded by the City.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

The City Judge is an independently elected official; however, the Court is fiscally dependent on the City. The City maintains and operates the City courthouse in which the Court's office is located. Because the Court is fiscally dependent on the City, the Court was determined to be a component unit of the City, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Court and do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of the Court are classified into two categories: governmental funds and fiduciary (agency) funds. These funds are described as follows:

Governmental Funds

Governmental funds account for all or most of the Court's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Court. For the year ended June 30, 2013, the City Court's major funds were the general fund, witness fund, and probation fund.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2013
(Continued)

A description of the courts funds is as follows:

General Fund - The General Fund is the general operating fund of the Court. The Court's share of court costs assessed by City Court, collections of traffic fines, and collections of court-imposed fines remitted to City Court are all accounted for in this fund. General operating expenditures are paid from this fund.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources, other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Witness Fund - This fund is used to account for witness fees received that are legally restricted for the payment of witness fees.

Probation Fund - This fund is used to account for probation fees collected that are legally restricted for the administration and operation of the probation department.

Juvenile Probation Fund - This fund is used to account for juvenile probation fees and restitution collected that are legally restricted for the administration and operation of the juvenile probation department and the payment of restitution.

Fiduciary Funds

The only funds accounted for in this category by the Court are agency funds. The Civil, Fines and Bonds, and Worthless Check agency funds account for assets held by the Court as an agent for others pending court action. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the accrual basis of accounting.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Court's operations.

The amounts reflected in the Governmental Funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Court considers all revenues available if they are collected within 60 days after the fiscal year end.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2013
(Continued)

Revenues

Recordings, cancellations, criminal costs, and other fees, charges and commissions for services are recorded in the year in which they are earned.

Interest income on time deposits is recorded when susceptible to accrual.

Substantially all other revenues are recorded when received by the Court.

Based on the above criteria, recordings, criminal costs, and other fees, charges, and commissions for service are treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Salaries and related payroll taxes and benefits are recorded when employee services are provided to the Court.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted as other financing sources (uses) and are recognized when the underlying events occur.

Government-wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Court as a whole. These statements include all the non-fiduciary activities of the Court. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Program Revenues – Program revenues included in the Statement of Activities are derived directly from Court users as a fee for services; program revenues reduce the cost of the function to be financed from the Court's general revenues.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety (90) days or less when purchased. Under state law, the Court may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2013
(Continued)

F. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Computer equipment	5 – 7 years
Office equipment	5 – 7 years

G. INTERFUND ACTIVITY

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

H. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

I. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

J. NET POSITION

Net position represents the difference between assets and liabilities. Unrestricted net position represents net position not appropriable for expenditures or legally segregated for a specific future use. Restricted net position represents external restrictions imposed by laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The Court's policy is to first apply restricted resources when an expense is incurred for which both restricted and unrestricted net position is available.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2013
(Continued)

K. FUND BALANCE

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted – amounts that can be spent only for specific purposes due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed - amounts that can be used only for the specific purposes as a result of constraints imposed by the judge (the court's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the judge removes those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned - amounts that are constrained by the judges' intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned - all amounts not included in other spendable classifications

The Court's policy is to apply expenditures against restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

(2) NEW ACCOUNTING STANDARDS

Effective July 1, 2012, the Court implemented the following GASB statement: GASB Statement No. 63, *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."* This Statement establishes standards for reporting deferred outflows of resources and deferred inflows of resources, and net position

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2013
(Continued)

(3) BUDGET

The proposed budget for the year ended June 30, 2013 was adopted prior to the beginning of the fiscal year and was prepared on the cash basis of accounting which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). All appropriations lapse at year-end.

Formal budget integration is employed as a management control device during the year. Budget amounts included in the accompanying financial statements include the original and amended budgets. There was one amendment to the budget for the year ended June 30, 2013.

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2013, the Court has cash, cash equivalents, and investments (book balances) totaling \$101,288 as follows:

A. Cash and cash equivalents:

Governmental Funds:

General Fund	3,883
Witness Fee Fund	17,488
Probation Fund	23,441
Juvenile Probation Fund	<u>535</u>
Total Governmental Funds	<u>45,347</u>

Fiduciary (Agency) Funds:

Civil Fund	34,509
Fines Fund	9,311
Worthless Check Fund	<u>3,621</u>
Total Fiduciary (Agency) Funds	<u>47,441</u>
Total – All Funds	<u>\$ 92,788</u>

These deposits with financial institutions are stated at cost, which approximates market value. At June 30, 2013, the carrying amount of the Court's deposits was \$92,788, and the collected bank balance was \$115,295. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Court in a holding or custodial bank that is mutually acceptable to both parties.

B. Investments

At June 30, 2013, the court held a certificate of deposit totaling \$8,500 in the Witness Fund that was classified as an investment since its maturity was in excess of ninety days subsequent to the initial purchase. The certificate of deposit is carried at cost which approximates market value and is secured by federal deposit insurance. Investments are limited by Louisiana Revised Statute (R. S.) 33:2955.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2013
(Continued)

C. Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year end, bank balances of \$123,795 were protected by federal depository insurance.

Interest Rate Risk: The Court's certificates of deposit have maturities of two years or less which limits exposure to fair value losses arising from rising interest rates.

Credit Risk: The Court's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Court may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Court may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

(5) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance at <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2013</u>
Governmental Activities:				
Computer equipment	\$ 16,489	\$ 1,771	\$	\$ 18,260
Office equipment	<u>17,565</u>			<u>17,565</u>
Totals at historical cost	<u>34,054</u>	<u>1,771</u>		<u>35,825</u>
Less accumulated depreciation				
Computer equipment	(15,365)	(649)		(16,014)
Office equipment	<u>(17,565)</u>			<u>(17,565)</u>
Total accumulated depreciation	<u>(32,930)</u>	<u>(649)</u>		<u>(33,579)</u>
Governmental activities capital assets, net	<u>\$ 1,124</u>	<u>\$ 1,122</u>	<u>\$</u>	<u>\$ 2,246</u>

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2013
(Continued)

(6) LEASES

The Court leases a copier under an operating lease. Rental costs on the lease for the year ended June 30, 2013 were \$1,098. Commitments under this lease agreement having initial remaining terms in excess of one year are as follows:

For the Year Ending <u>June 30,</u>	
2014	\$ 1,098
2015	<u>1,098</u>
Total minimum future rentals	<u>\$ 2,196</u>

(7) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2013 consisted of the following:

	<u>Transfer To</u>	<u>Transfer From</u>
Governmental Funds:		
General	\$ 56,483	\$ -
Probation Fund	-	49,883
Juvenile Probation Fund	-	6,600
	<u>\$ 56,483</u>	<u>\$ 56,483</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

(8) INTERFUND BALANCES

Interfund balances at June 30, 2013 consisted of the following:

	<u>Due To Other Fund</u>	<u>Due From Other Fund</u>
Governmental Funds:		
General	\$ 527	\$ -
Witness Fund	-	377
Probation Fund	-	117
Juvenile Probation Fund	-	33
	<u>\$ 527</u>	<u>\$ 527</u>

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2013
(Continued)

(9) CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund unsettled deposits follows:

	Civil Fund	Fines Fund	Worthless Check Fund	Total
Balance at June 30, 2012	\$ 37,283	\$ 1,016	\$ 3,621	\$ 41,920
Additions	126,534	282,577	—	409,111
Reductions	(129,308)	(274,282)	—	(403,590)
Balance at June 30, 2013	<u>\$ 34,509</u>	<u>\$ 9,311</u>	<u>\$ 3,621</u>	<u>\$ 47,441</u>

(10) RETIREMENT SYSTEM

The Springhill City Judge is a member of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only one single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2007 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnote to the Financial Statements contains additional details and is also available on-line at: [http://www.lasers.state.la.us/PDFs/Publications and Reports/FiscalDocuments/ComprehensiveFinancialReports/Comprehensive%20Financial%20Reports 07.pdf](http://www.lasers.state.la.us/PDFs/Publications%20and%20Reports/FiscalDocuments/ComprehensiveFinancialReports/Comprehensive%20Financial%20Reports%2007.pdf)

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2013
(Continued)

Judges hired before July 1, 2006 and after July 1, 2006, are required by state statute to contribute 11.5% and 13.0%, respectively, of gross salary, and the Court is required to contribute at an actuarially determined rate as required by R.S. 11:102. The Court's contribution rates for the fiscal years ending June 30, 2013, 2012, and 2011 were 34.8%, 31.8% and 22%, respectively. The Court's contributions to LASERS for the years ended June 30, 2013, 2012 and 2011 were \$15,333, \$13,231, and \$8,143, respectively.

Information needed to record the net pension obligation / asset and to prepare additional disclosures, including required supplementary information, required by Governmental Accounting Standards Board (GASB) Statement 50, *Pension Disclosures*, for a single employer defined benefit pension plan, as it relates to the Springhill City Court, was not available. Information was obtained on state-wide level, not specific to the Springhill City Court. Therefore, the net pension obligation / asset and additional disclosure information was not available for Springhill City Court.

(11) EXPENDITURES OF THE COURT PAID BY THE CITY

The Court's administrative office is located in a building owned by the City. The costs of maintaining and operating the building, as required by statute, are paid by the City government and are not included in the accompanying financial statements.

(12) ON-BEHALF PAYMENTS FOR SALARIES AND BENEFITS

The Court follows GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance." This standard requires the Court to report in the financial statement on-behalf salary and fringe benefit payments made by the City of Springhill, the Webster Parish Police Jury, and the State of Louisiana to the Court's employees. For the year ended June 30, 2013, the City of Springhill, Webster Parish Police Jury, and the State of Louisiana made supplementary salary and benefit payments totaling approximately \$124,483 to court employees.

Fringe benefits paid by the City of Springhill, Webster Parish Police Jury, and the State of Louisiana include pension plan contributions to the Louisiana State Employees' Retirement System and the Municipal Employees' Retirement System of Louisiana.

(13) SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 10, 2014, the date the financial statements were available to be issued.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance- Favorable (Unfavorable)
Revenues:				
Fines and court costs	\$ 111,975	\$ 108,100	\$ 107,708	\$ (392)
Interest income	51	35	35	
Miscellaneous	6,720	6,680	5,800	(880)
On-behalf revenue	121,412	121,412	124,483	3,071
Total revenues	<u>240,158</u>	<u>236,227</u>	<u>238,026</u>	<u>1,799</u>
Expenditures:				
General government:				
Accounting	12,883	12,976	13,226	(250)
Dues	965	1,105	1,079	26
Library	2,421	2,574	2,756	(182)
Office expense	9,024	8,922	8,889	33
On-behalf expense	121,412	121,412	124,483	(3,071)
Retirement	13,231	15,929	15,333	596
Salaries	91,808	98,196	97,880	316
Taxes - payroll	4,443	4,774	4,756	18
Telephone	678	686	686	
Travel, seminars, and meetings	8,039	19,338	19,390	(52)
Miscellaneous		356	356	
Capital outlay		2,096	1,771	325
Total expenditures	<u>264,904</u>	<u>288,364</u>	<u>290,605</u>	<u>(2,566)</u>
Excess of revenues over expenditures	(24,746)	(52,137)	(52,579)	(442)
Other financing sources (uses):				
Transfers in	24,883	56,480	56,483	3
Total other financing sources (uses)	<u>24,883</u>	<u>56,480</u>	<u>56,483</u>	<u>3</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	137	4,343	3,904	(439)
Fund balance at beginning of year	<u>3,704</u>	<u>(2,289)</u>	<u>(2,289)</u>	
Fund balance at end of year	<u>\$ 3,841</u>	<u>\$ 2,054</u>	<u>\$ 1,615</u>	<u>\$ (439)</u>

See accompanying note to the required supplementary schedule.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Witness Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u> <u>Original</u>	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:				
Fines and court costs	\$ 6,250	\$ 6,365	\$ 6,770	\$ 405
Interest		23	23	
Total revenues	<u>6,250</u>	<u>6,388</u>	<u>6,793</u>	<u>405</u>
Expenditures:				
General government:				
Witness fees	<u>2,300</u>	<u>3,500</u>	<u>3,800</u>	<u>(300)</u>
Total expenditures	<u>2,300</u>	<u>3,500</u>	<u>3,800</u>	<u>(300)</u>
Excess of revenues over expenditures	3,950	2,888	2,993	105
Fund balance at beginning of year	<u>10,300</u>	<u>10,300</u>	<u>23,372</u>	<u>13,072</u>
Fund balance at end of year	<u>\$ 14,250</u>	<u>\$ 13,188</u>	<u>\$ 26,365</u>	<u>\$ 13,177</u>

See accompanying note to the required supplementary schedule.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Probation Fund
For the Year Ended June 30, 2013

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance- Favorable (Unfavorable)
Revenues:				
Other fees and restitution	\$ 40,000	\$ 47,000	\$ 47,001	\$ 1
Total revenues	40,000	47,000	47,001	1
Expenditures:				
General government:				
Office expense	75	42	17	25
Other		1,181	1,181	-
Total expenditures	75	1,223	1,198	25
Excess of revenues over expenditures	39,925	45,777	45,803	26
Other financing sources (uses):				
Transfers out	(21,283)	(49,048)	(49,883)	(835)
Total other financing sources (uses)	(21,283)	(49,048)	(49,883)	(835)
Excess (deficiency) of revenues and other sources over expenditures and other uses	18,642	(3,271)	(4,080)	(809)
Fund balance at beginning of year	8,567	27,000	27,638	638
Fund balance at end of year	\$ 27,209	\$ 23,729	\$ 23,558	\$ (171)

See accompanying note to the required supplementary schedule.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2013

Budget comparison statements included in the accompanying financial statements include the original and amended budgets. There was one amendment to the budget for the year ended June 30, 2013. The following schedule reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the statement of revenues, expenditures and changes in fund balances (budget basis) with the amounts shown on the statement of revenues, expenditures and changes in fund balances (GAAP basis):

	<u>General Fund</u>	<u>Witness Fund</u>	<u>Probation Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (budgetary basis)	\$ 3,904	\$ 2,993	\$ (4,080)
Adjustments:			
Revenue accruals – net	–	–	–
Expenditure accruals – net	(397)	–	–
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 3,507</u>	<u>\$ 2,993</u>	<u>\$ (4,080)</u>

The General fund and the Witness fund had excess expenditures over appropriations in the amount of \$2,566 and \$300, respectively.

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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards**

Independent Auditors' Report

John B. Slattery
Springhill City Court Judge
Springhill City Court

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springhill City Court as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Springhill City Court's basic financial statements, and have issued our report thereon dated January 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Springhill City Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Springhill City Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Springhill City Court's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of current year audit findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of current year audit findings as item 2013-1 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of current year audit findings as item 2013-3 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Springhill City Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current year audit findings as item 2013-2.

Springhill City Court's Response to Findings

Springhill City Court's response to the findings identified in our audit is described in the accompanying schedule of current year audit findings. Springhill City Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
January 10, 2014

Springhill City Court
Springhill, Louisiana
Summary Schedule of Prior Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2013

There were three findings for the prior year audit ended June 30, 2012, as follows:

Reference No.: 2012-1

Significant Deficiency: Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles. As part of the audit, management requested us to prepare a draft of your financial statements, including the related notes to financial statements. This condition is intentional by management based upon the agency's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance.

Recommendation: Whether or not it would be cost effective to cure a control deficiency is not a factor in applying Statement on Auditing Standards (SAS) 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Current Status: No finding in current year audit.

Reference No.: 2012-2

Material Weakness: During our audit, we noted that controls over collections of juvenile probation fees were inadequate. There was no monitoring of individuals placed on probation with amounts subsequently collected. In addition, there was no monitoring of amounts collected to amounts subsequently deposited and recorded in the general ledger.

Recommendation: We recommend that the individual collecting the probation fees deposit the funds and then provide an accounting of those funds to the Court. We also recommend that someone independent of the collection of the fees monitor the probation activity to ensure proper collection and remittance of the fees to the Court.

Current Status: See repeat deficiency in current year audit.

Reference No.: 2012-3

Finding: The Court did not appropriately amend its budget for the Witness fund, in accordance with the Local Government Budget Act. Total expenditures and other financing uses for the Witness fund exceeded budgeted amounts by more than five percent for the year ended June 30, 2012.

Recommendation: We recommend that the Court monitor its budget throughout the year and appropriately amend the budget when actual plus projected expenditures and other financing uses exceed budgeted amounts by five percent or more.

Current Status: See repeat finding in current year audit.

Springhill City Court
Springhill, Louisiana
Schedule of Current Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2013

There are three findings for the current year audit ended June 30, 2013, as follows:

Reference No.: 2013-1

Material Weakness: During our audit, we noted that controls over collections of juvenile probation fees were inadequate. There was no monitoring of individuals placed on probation with amounts subsequently collected. In addition, there was no monitoring of amounts collected to amounts subsequently deposited and recorded in the general ledger.

Recommendation: We recommend that the individual collecting the probation fees deposit the funds and then provide an accounting of those funds to the Court. We also recommend that someone independent of the collection of the fees monitor the probation activity to ensure proper collection and remittance of the fees to the Court.

Corrective Action Planned: The Court will take steps to properly monitor the amounts collected here at the court by way of a tracking system.

Reference No.: 2013-2

Finding: The Court did not appropriately amend its budget for the Witness fund, in accordance with the Local Government Budget Act. Total expenditures and other financing uses for the Witness fund exceeded budgeted amounts by more than five percent for the year ended June 30, 2013.

Recommendation: We recommend that the Court monitor its budget throughout the year and appropriately amend the budget when actual plus projected expenditures and other financing uses exceed budgeted amounts by five percent or more.

Corrective Action Planned: The court will take steps to properly amend the budget for all funds.

Reference No.: 2013-3

Significant Deficiency: During our audit, we noted two deposits which were made to incorrect funds during the year. The deposit errors were not detected until during the audit.

Recommendation: We recommend that someone independent of making the deposits review deposit slips and general ledger postings to ensure funds are deposited to the correct accounts / funds.

Corrective Action Planned: The Court will ensure that all deposits made are watched closely to ensure this error is not made again.